

REVIEWED
2/1/07
JTB

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

1594 West North Temple - Suite 1210
Box 145801

Salt Lake City, Utah 84114-5801

Telephone: (801) 538-5291

Fax: (801) 359-3940

ANNUAL REPORT OF MINING OPERATIONS

The informational requirements of this form are based on provisions of the Mined Land Reclamation Act, Title 40-8, Utah Code Annotated 1953, as amended, and the General Rules as promulgated under the Utah Minerals Regulatory Program. An operator conducting mining operations under a Notice of Intention must file an annual operations and progress report (FORM MR-AR) with the Division.

I. General Information

1. Report Time Period: From (mo./yr.) 1/2006 To (mo./yr.) 12/2006
2. DOGM File Number (Mine No): M/035/015
3. Mine Name: North Impoundment
4. Mineral(s) Mined (or permitted to mine): Copper and associated metals
5. Type of mine: ☒ Surface Mine or ☐ Underground Mine
6. Legal Description (Location of Lands Affected):
____ 1/4, ____ 1/4, ____ 1/4, Section ____, Township ____, Range ____
____ 1/4, ____ 1/4, ____ 1/4, Section ____, Township ____, Range ____
____ 1/4, ____ 1/4, ____ 1/4, Section ____, Township ____, Range ____

S1/2 S1/2, Section 31, Township 1N, Range 2W;

S1/2 SW1/4, Section 32, Township 1N, Range 2 W;

S1/2 S1/2, Section 35, Township 1N, Range 3 W;

S1/2 S1/2, Section 36, Township 1N, Range 3 W;

SW1/4 SW 1/4 SW 1/4, Section 4, Township 1S, Range 2W;

Section 5 and 6, Township 1S, Range 2W;

N1/2 N1/2, Section 7, Township 1S, Range 2W;

N1/2 N1/2, Section 8 Township 1S, Range 2W;

Eastern Border Section 8, Township 1S, Range 2W;

W1/2 W1/2, Section 9, Township 1S, Range 2W;

E 1/2, Section 17, Township 1S, Range 2W;

Section 1, 2 and 10, Township 1S, Range 3W;

E1/2, Section 3, Township 1S, Range 3W;

N1/2 and SW1/4, Section 11, Township 1S, Range 3W;

N1/2 NE 1/4, Section 12, Township 1S, Range 3W;

N1/2 Section 15, Township 1S, Range 3W;

7. Name of Operator or Company: Kennecott Utah Copper Corp.
8. Permanent Street Address: 8362 W 10200 S
City, State, Zip: Bingham Canyon, Utah, 84006
Phone (801) 569-6356 Fax: (801) 569-7192 E-mail: jacksor1@kennecott.com
9. Company Representative (or designated operator):
Name: Rohan McGowan-Jackson
Title: Manager, HSE & SD
Business Address: P.O. Box 6001
City, State, Zip: Magna, Utah, 84044-6001
Phone: (801) 569-6356 Fax: (801) 569-7192 E-mail: jacksor1@kennecott.com
- ☒ Please check if any of the above information has changed since previous year.

II. Mining and Reclamation

1. Was there any mine related activity during the past year? Yes ☒ No ☐
2. If no - what was the last year of activity? _____
3. Report the gross amount of ore mined and waste moved, as well as the arrangement, positioning, or distribution of the material. A total of 51.6 million short tons of tailings were produced and deposited in the North Impoundment in 2006.
4. Briefly describe the type of work performed, during the past year. Active tailings disposal continued on the North Impoundment through 2006. Similar to years prior, between March and November, tailings were cycloned and coarser underflow was used to construct the North Embankment, while the finer overflow was placed within the Impoundment Interior. Throughout January, February and December, whole (non-cycloned) tailings were deposited into the interior. In addition, as described in the original Notice of Intent for the North Impoundment, the drainage system was extended to facilitate drainage beneath the Phase II embankment. This activity started in November 2004, and continued throughout 2005 and 2006. Additional details along with drawings were provided in a December 20, 2006 submittal to DOGM.
5. How much **new or additional acreage** was disturbed during the past year? No additional acreage was disturbed in 2006. The drainage system was extended to accommodate the Phase II embankment, however this was over an area already impacted by tailings operations and within the existing footprint and permitted area.
6. How much acreage was **reclaimed** during the past year? No final reclamation was accomplished in 2006. Only temporary seeding was practiced as a dust control measure.
7. Briefly describe the reclamation work performed during the past year. This description should include methods employed, and an evaluation of the results. (Submit form MR-SITE for an application for full or partial bond/site release). Temporary seeding was practiced as a dust control measure.
8. What is the **total disturbed acreage of entire project** at years end? The North Impoundment disturbed area, bounded by the perimeter road constructed in 1999 and the base of the South (Magna) Impoundment, remains within the permitted area of 3,334 acres allocated for the North Impoundment. By the end of 2006 that area was approximately 3,250 acres. The North impoundment surface area will increase slightly over time as the North Impoundment height is progressively increased up the embankment slope of the existing South Impoundment.

9. Briefly summarize any mining and/or reclamation plans for the upcoming year.
Temporary seeding will continue in 2007 as needed for temporary dust control.
Construction of the North Embankment using compacted cyclone underflow tailings over the constructed drainage system will continue in 2007.

A map of the North tailings Impoundment (454-T-0211) has been included showing the following facilities: North Embankment, North Impoundment Interior, valve stations located at the toe of the North Embankment, North Impoundment disturbed area bounded by the perimeter road (solid red line) and the base of the South Impoundment Embankment (dashed red line), interior roads connecting the perimeter road to the Embankment crest and the beach area.

10. The operator shall keep and maintain timely records relating to his performance under the Act, and shall make these records available to the Division upon request.

NOTE: Section III., "Additional Information" applies only to large mining operations.

III. Additional Information - R647-4-121.2

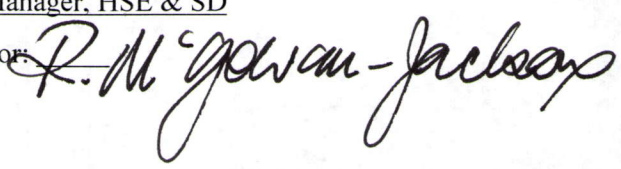
1. **Include an updated map depicting surface disturbance and reclamation performed during the year**, prepared in accordance with Rule R647-4-105.

IV. Signature Requirement

I hereby certify that the foregoing is true and correct.

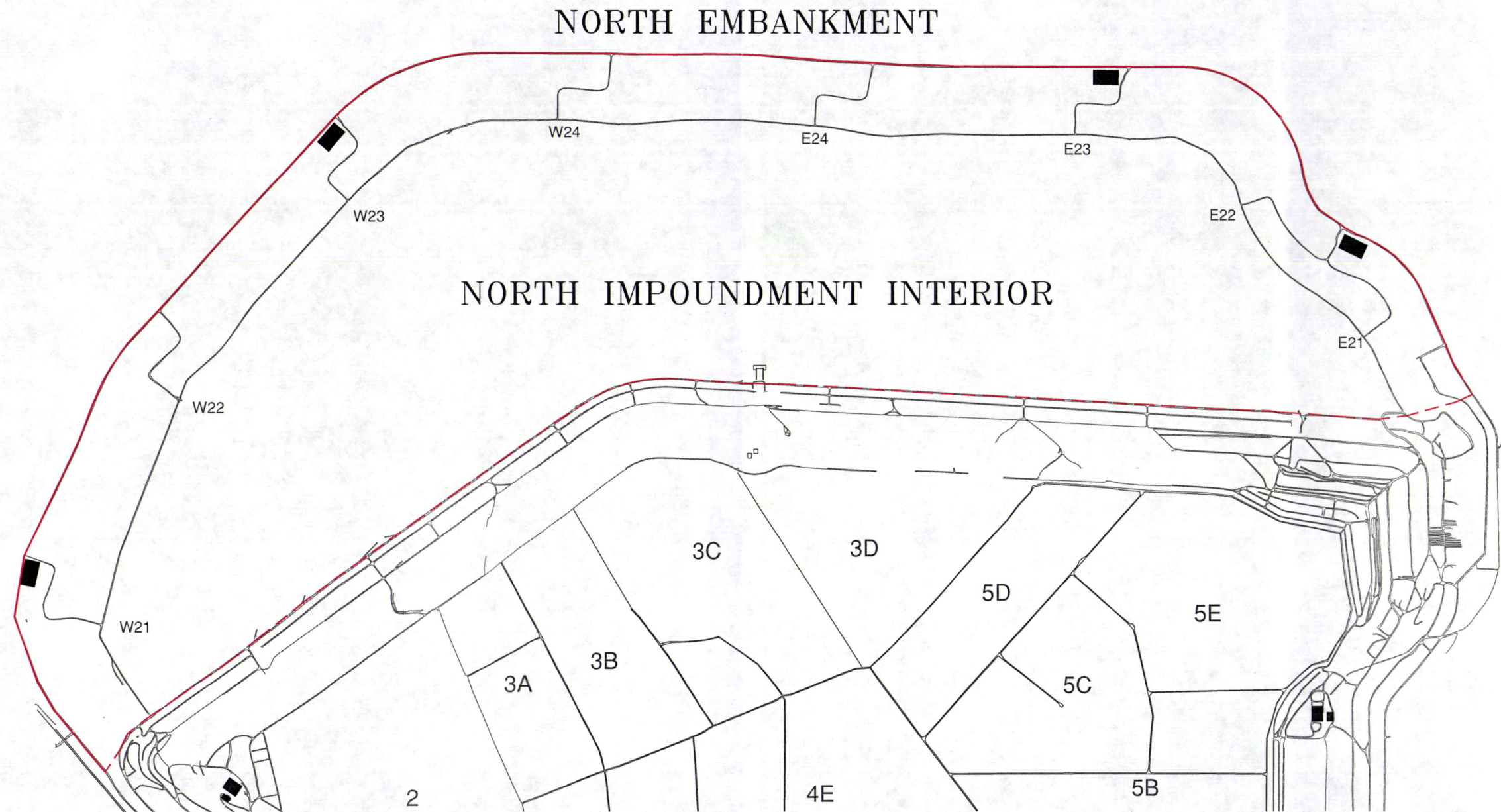
Name (Typed or Print): Rohan McGowan-Jackson


Title of Operator: Manager, HSE & SD


Signature of Operator: 

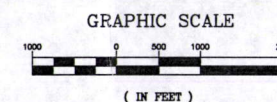
Date: 1/27/2007

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 BUILDINGS (EAST AND WEST CYCLONES \ VALVE STATIONS E21,E23,W21,W23)

 ROADS



STRATEGIC RESOURCES GROUP		KENNECOTT UTAH COPPER	
SCALE: 1"=1000'	DATE	CURRENT FACILITIES AND DISTURBANCES - NORTH TAILINGS IMPOUNDMENT	
DESIGNED BY VP	1/06	PERMIT M-035-015	
DRAWN BY JI	1/06	Job No. --- Dwg. No. 454-T-0211	
CHECKED BY		REV	
PROJECT ENGINEER			
PROJECT MANAGER			